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TAGS: [KS](#) [KN](#) [ECON](#) [EAID](#) [EAGR](#) [PGOV](#)
SUBJECT: ROK OFFICIALS, ACADEMICS AND NGOS SEE SERIOUS DPRK
FOOD SITUATION

Classified By: A/POL Brian McFeeters. Reasons 1.4(b/d)

SUMMARY

11. (C) Summary: In March 17-18 meetings with INR analyst Mark Phelan and poloff, ROK observers cited reasons for serious concern about the DPRK's food situation this year:

-- ROK observers expected decreased DPRK crop production because of 2006 and 2007 flood damage in the 'rice bowl' surrounding Pyongyang; pointed to higher global food prices and export restrictions in China; and cited uncertainty about the timing and amount of ROKG rice and fertilizer assistance this year.

-- The Ministry of Unification projected that even if the ROKG provides 0.5 million metric tons (MT) of rice assistance this year (an increase from 0.4 million MT most years), the DPRK's food "gap" will reach 1.65 million MT, a shortfall not estimated since the mid-1990s.

-- Leading DPRK agriculture specialist Kwon Tae-jin of the Rural Economic Institute agreed that the DPRK faces a serious food situation but estimated a smaller gap of 1.2 to 1.4 million MT. While stressing that the DPRK remains dependent on humanitarian assistance, he pointed to the emergence of food markets as a means to improve food availability, albeit at high prices, and expected the DPRK to increase official and informal purchases of food from China to cover the shortfall.

-- Jeong Kwan-min of the ROKG's Institute for National Security, who wrote a 2005 book about the political economy of the 1990s famine in the DPRK, agreed the situation was serious but said he could not support "extreme scenarios" about starvation because of increased availability of food in DPRK markets and continuing informal trade across the Chinese border. END SUMMARY.

ROKG MOU PROJECTS LARGE FOOD GAP

12. (SBU) The Ministry of Unification's (MOU) projection of a 1.65 million MT "gap" between DPRK food consumption and available supply in 2008 is based on the following factors:

-- Supply: production of 4.01 million MT, a 10 percent decrease from 2006 and 2007 production levels, based on floods that damaged the "rice bowl" in southwestern North Korea; food assistance of 0.5 million MT of ROKG rice and 0.1 million MT of food from the World Food Program; and commercial imports of 0.24 million MT from China, giving a total supply of 4.85 million MT.

-- Demand: the consumption figure of 6.5 million MT is based on an assumption that each of the 23.45 million people (ROKG estimate) in the DPRK should be able to consume the World Health Organization's recommended daily energy requirement of 2130 calories (Kcal) per day. The model also takes into account post-harvest losses (estimated at 15 percent, but uncertain) and crops held over for use as seeds, and other uses such as animal feed.

-- Shortfall: Demand of 6.5 million MT minus supply of 4.85 million MT results in a "gap" of 1.65 million MT. The World Food Program, the ROK Rural Development Administration (RDA), and KREI assume that the average consumption requirement is 75 percent of that level, resulting in a lower consumption figure and consequently a smaller shortfall of 1.2 to 1.4 million MT. This is the more common method of estimating consumption. The shortfall is not a precise number but to the ROKG is an indicator of DPRK food needs, relative to that of previous years. MOU's Director of the Humanitarian Cooperation Division Yoon Mir-yang pointed out that the gap projected for 2008 is the largest estimated since the mid-1990s (see table 1). She also noted that the shortfall would be even greater if the ROKG does not provide the expected 0.5 million MT of rice assistance this year. MOU indicated that higher global food global and domestic food prices would make any food donation to DPRK more expensive. Jeung Kwan-min said that the 2008 situation was not an

emergency in DPRK authorities' view because they deemed the minimum production level needed to sustain DPRK citizens to be 3.65 million MT, although they would not use this figure in public.

ROK FERTILIZER VITAL FOR 2008 HARVEST

¶3. (C) MOU stated that failure to provide fertilizer assistance for the spring planting season (0.3 - 0.35 million MT provided each year since 2000, except for 0.2 million MT provided in 2001) would significantly lower 2008 production. Pyongyang has not yet requested fertilizer from the ROK and, due to the approaching planting season and significant time required procuring and transport, time is running out, Yoon said. The ROK annually supplies DPRK with vinyl sheeting used to protect rice and corn seedlings from cold weather in the early spring but these have also not yet been requested by Pyongyang.

PRODUCTION IMPROVEMENTS LIMITED

¶4. (C) As other observers have reported, the Korea Rural Economic Institute's Kwon said that he and other ROK agriculture scientists had been surprised to see significant improvements in crop diversity and condition during a June 2007 visit to the rice bowl area surrounding Pyongyang. Overall living conditions had noticeably improved. Soybeans, which were previously grown only on the margins of other fields, were being cultivated on their own, and other new crops included Chinese cabbage and beets. Production and seed varieties of potatoes had also improved.

¶5. (C) While acknowledging this improvement in DPRK crop production and variety, in part because of help from South Korean NGOs, Kwon, who said that his institution consults with the ROKG on DPRK crop statistics, emphasized that there were limits on how far DPRK agriculture could progress, since it remained dependent on outside sources (mostly the ROK) for

fertilizer, vinyl for protection of seedlings and greenhouses, improved seeds, and machinery. He noted that he had visited the DPRK's national seed laboratory -- a 20-foot shipping container that did not impress him. He foresaw the DPRK remaining dependent on humanitarian assistance for ten years.

¶16. (C) Lee Jong-moo, Director of the Korean Sharing Movement (KSM), a South Korean NGO active in agricultural assistance to the North, which has sent at least one representative to the DPRK each month for the past ten years, said that his organization also saw an "increase in production and diversity" but that the lack of thorough crop assessments since 2002 (when the World Food Program and Food and Agriculture Organization conducted a joint survey), "when the DPRK cooperated," made it difficult to reach an informed assessment. Lee said he observed serious flood damage in September in Kangnam County, south of Pyongyang, where KSM runs agricultural projects, with all of the greenhouses and rice fields underwater.

¶17. (C) Meat from ducks, geese, goats and rabbits (all of which eat grass rather than scarce grain feed) has become part of the households, diet and income, Jeung and Kwon noted, and is not counted in the ROKG's consumption model. A European Union diplomat who has traveled to the DPRK each year since 2000 said that she had seen conditions improving on each visit, mainly to areas in and around Pyongyang. Initially, she saw very few animals but on recent trips had seen many goats and even chickens being kept on balconies in Wonsan, on the east coast. But Kwon commented that animal cultivation, particularly of larger animals such as cows and pigs, remained limited by the availability of feed.

¶18. (C) Commenting on the supply side, Pommyon, a Buddhist monk who heads the Good Friends NGO, said that he believed that DPRK authorities had released reserve stocks of "several hundred thousand tons" in February and April 2007, because ROKG food assistance was delayed, but later ROKG aid may have been used to refill those reserves. The potato harvest in the summer of 2007 had helped fill food needs, but local

officials struggled all year to obtain enough food and fertilizer.

¶19. (C) Jeung said that people were coping in part by changing their food consumption patterns. He agreed with Kwon (in separate meetings) that rice now accounted for only about 30 percent of the diet, with "potato socialism" the most significant development. Kwon said that the area devoted to potato growing had increased to 200,000 hectares (about half that devoted to rice and maize) and plans were to increase it to 300,000 hectares. Potato crops are typically grown twice a year. ROK NGOs including World Vision were providing significant assistance with potato seeds.

MARKETS REPLACING PUBLIC DISTRIBUTION SYSTEM

¶10. (C) In recent years, according to ROK observers, the DPRK's Public Distribution System (PDS) -- under which basic food rations were available to each member of non-farming household at a fixed price -- has withered away except in Pyongyang, while consumer markets have grown, despite periodic harassment by DPRK officials. The rise of food markets, allowed since 2003, has increased supply and improved distribution within the DPRK, Jeung Kwan-min of the Institute for National Security told us, but has also made North Koreans vulnerable to price increases.

¶11. (C) Jeung said that the PDS remains operational in Pyongyang for officials of the Korean Workers Party, military, and defense industry. In addition, the PDS supplies food to some officials outside Pyongyang, and to "factories that still operate," (which another interlocutor estimated at 30 percent). Noting that this left out the vast majority of the population, he added that the withering away

of the PDS was a good development politically because it reduced authorities' control over the food supply. In any case, authorities had little money to import food from China because of the military first policy. Kwon said that even when the DPRK government had food supplies to offer through the PDS, the crippled transportation system, depending on People's Army and police trucks, made distribution very difficult. That was why the DPRK asked for ROKG rice aid to be transported to various ports on the east coast, which was difficult to access by land.

¶12. (C) However, Cho Myung-chol, an economist at the Korea Institute for Economic Policy who is among the most prominent of DPRK defectors (1994) and advises the ROKG on inter-Korean issues, said the emergence of food markets has not been smooth because North Koreans still retain the mindset that underlies the PDS: that the government is supposed to take care of the people and that the people will in turn obey the government. Accustomed to paying the fixed price of 44 North Korean won (NK won) per kilogram of rice, North Koreans balk at paying the market price, now about 1400-1660 NK won per kilogram, neglecting the fact that no rice is actually available at the government's fixed price. (NOTE: at the unofficial exchange rate estimated to be about 3,000 NK won/USD, the market price of rice is about USD 0.50/kg. END NOTE.) DPRK authorities cite high market prices as evidence that markets are bad, justifying their periodic crackdowns on markets. Cho, from a prominent DPRK background that included contact with Kim Jong-il's family, said that DPRK officials debated outlawing all markets, in line with socialist theory that no markets should be needed when socialism is perfected, but reluctantly acknowledged the need for markets.

¶13. (C) Pommyon, who claims a wide network of contacts inside the DPRK, emphasized that increased food prices were pushing people to the brink of starvation. Strict controls over border crossings since mid-2007 (with heavy punishments even for possessing a cell phone, tolerated in the past) had put additional pressure on informal food imports that many rely on. He also cited data collected by the Daily NK, an online report produced by defectors, saying that rice prices had increased from 800 NK won per kilogram in early 2007 to 1400 NK won by September 2007 and ranged from 1400 to 1800 NK won in early 2008 before decreasing to the current 1400-1700 NK won level. Over the same period, the price per kilogram of maize had increased from 350 NK won to 800 NK won.

¶14. (C) On regional vulnerabilities, Cho Myung-chol, indicated that the east coast provinces of Kangwon, South Hamgyong and the southern portion of North Hamgyong were at greatest risk of food shortages due to poor agricultural productivity, distance from the southwestern rice bowl, region, poor roads and fuel shortages. He indicated that northern border regions, although not predominantly agricultural areas, were able to cope better through border trade with China.

WHAT ASSISTANCE DOES THE DPRK EXPECT?

¶15. (C) Commenting on last year's floods, Pommyon said that DPRK officials had made clear to him in the fall of 2007 that they expected massive international assistance after they released footage of flood damage. Expecting hefty food assistance, DPRK authorities asked Join Together Society (an NGO connected with Good Friends) to provide construction materials instead. They were disappointed at the limited response, leading some senior DPRK officials to conclude that Kim Jong-il was right to keep DPRK completely closed.

¶16. (C) KSM's Lee said that in early 2008 meetings with DPRK officials, he was asked what President Lee Myung-bak's government had in mind in terms of assistance. He assessed that the officials were passively waiting to see what the ROKG would offer. Lee reiterated what MOU's Yoon told us about the importance of fertilizer assistance for the spring planting/fall harvest, noting that DPRK authorities also are

used to getting large quantities of vinyl sheeting used to make greenhouses to shield rice seedlings and potato seeds, among other crops.

¶17. (C) Cho said he wanted to take advantage of the presence of U.S. officials to say that the U.S. and ROK should both provide humanitarian assistance to North Korea, to open the door for improved relations and to lower North Koreans' suspicions about Americans. But he was pessimistic that the DPRK would allow effective monitoring.

COMMENT

¶18. (C) From the range of meetings and information reported here, it is clear that the DPRK again faces a difficult food situation, but it is not clear to what degree it is more difficult than in recent years. ROK observers report on coping mechanisms that North Koreans have developed -- private production of crops and animals, trading in local markets and across the Chinese border -- but do not know to what extent these methods can overcome food production and aid deficiencies or whether those techniques work all over North Korea. In addition to pressing for monitoring of food aid deliveries to North Korea, we should push for credible surveys of agricultural conditions and nutritional status (last surveyed by UNICEF and WFP in 2002) to determine what help North Korea needs most.

DATA

¶19. (SBU) Table 1. ROKG estimates of DPRK food shortfall (in million metric tons; Imports include aid and trade)

Year	Demand	Production	Imports	Total	Shortfall
1991	6.05	4.02	1.29	5.26	-0.74
1992	6.11	4.43	0.83	5.26	-0.85
1993	6.11	4.27	1.09	5.36	-0.75
1994	6.16	3.88	0.49	4.37	-1.79
1995	6.20	4.13	0.96	5.09	-1.11
1996	6.18	3.45	1.05	4.50	-1.68
1997	6.17	3.69	1.63	5.32	-0.85
1998	5.83	3.49	1.04	4.53	-1.30
1999	5.91	3.89	1.07	4.96	-0.95
2000	6.06	4.22	1.23	5.45	-0.61
2001	6.13	3.59	1.40	4.99	-1.14
2002	6.26	3.95	1.07	5.02	-1.24
2003	6.32	4.13	1.14	5.27	-1.05
2004	6.39	4.25	0.76	5.01	-1.38
2005	6.45	4.31	1.18	5.49	-0.96
2006	6.51	4.54	0.60	5.14	-1.37
2007	6.50	4.48	0.70	5.18	-1.32
2008	6.50	4.01	0.84*	4.85	-1.65

*Assumes 0.5 million MT of food assistance from the ROK; 0.1 million MT from the WFP; and 0.24 million MT of commercially purchased grain from China (MOU footnote).

Source: MOU

STANTON